

Message Text

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ORIGIN TRSE-00

INFO OCT-01 SS-14 ISO-00 EB-03 ARA-06 SSO-00 NSCE-00 NSC-05

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APPROVED BY EB/OT/STA:BBISHOP

EB/OT/STA:MCJONES

ARA/BR:TSHUGART

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FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA IMMEDIATE

C O N F I D E N T I A L STATE 305559

LIMDIS

E.O. 11652: GDS

TAGS: ETRD, BR

SUBJECT: COUNTERVAILING DUTY INVESTIGATIONS

REF: BRASILIA 10950, STATE 302894

1. FOLLOWING IS TEXT OF LETTER FROM SECRETARY SIMON TO
FINANCE MINISTER SIMONSEN MAILED DECEMBER 31. BEGIN TEXT:

DEAR MARIO,

I WAS GRATIFIED TO RECEIVE YOUR LETTER OF DECEMBER 23
GIVING FURTHER DETAILS OF RECENTLY ANNOUNCED PROGRAMS BY
THE GOVERNMENT OF BRAZIL TO STIMULATE EXPORTS. SINCE, AS
YOU HAVE EXPLAINED, THESE ACTIONS DO NOT NOW, NOR IS IT
EXPECTED THAT THEY WILL IN THE FUTURE, AFFECT BENEFITS
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RECEIVED BY MANUFACTURERS OR EXPORTERS OF PRODUCTS WHICH

ARE THE SUBJECTS OF COUNTERVAILING DUTY INVESTIGATIONS, WE SHALL, OF COURSE, NOT CONSIDER-THEM IN CALCULATING ANY COUNTERVAILING DUTIES OTHERWISE ASSESSABLE ON IMPORTATION OF THESE PRODUCTS.

AS I INDICATED TO YOU IN MY LETTER OF DECEMBER 18, OUR DECISION IN THE LEATHER HANDBAG CASE MUST BE MADE BY JANUARY 3, 1976. AS WE HAVE ADVISED THE BRAZILIAN

EMBASSY BASED ON THE INFORMATION PREVIOUSLY SUBMITTED BY THE GOVERNMENT OF BRAZIL, WE HAVE DETERMINED THAT A SINGLE ADDITIONAL DUTY RATE OF 14 PERCENT ON LEATHER HANDBAG IMPORTS WOULD BE APPROPRIATE. WHILE THIS IS NEITHER THE HIGHEST NOR THE LOWEST BENEFIT ESTIMATED FOR THE TEN FIRMS FOR WHICH DATA WAS PROVIDED, IT REPRESENTS THE LEVEL OF BENEFIT WHICH WE BELIEVE IS CLOSEST TO THAT RECEIVED BY THOSE FIRMS PRODUCING THE PREPONDERANCE OF THE MERCHANDISE EXPORTED TO THE UNITED STATES. FIRMS WILL BE PERMITTED TO NOTIFY U.S. CUSTOMS IF THEY BELIEVE THIS RATE TO BE TOO HIGH, GIVEN THEIR INDIVIDUAL EXPERIENCE. LIQUIDATION WILL THEN BE SUSPENDED FOR SUCH FIRMS AND A FINAL RATE FOR THEM CALCULATED ON THE BASIS OF THE ACTUAL BENEFITS RECEIVED DURING 1976. THE APPROPRIATE LEGAL NOTICES WILL BE APPROVED THIS WEEK AND A PUBLIC ANNOUNCEMENT OF THIS DECISION WILL BE MADE ON JANUARY 5, ALONG WITH ANNOUNCEMENTS CONCERNING A NUMBER OF OTHER TREASURY COUNTERVAILING ACTIONS.

ONCE AGAIN, I APPRECIATE YOUR COOPERATION AND THAT OF THE FINANCE MINISTRY IN THESE DIFFICULT PROCEEDINGS. I HOPE YOU WILL FORGIVE MY CALLING FOR YOUR URGENT PERSONAL INTERVENTION IN THESE MATTERS BUT I BELIEVE IT WOULD BE TRAGIC IF A FAILURE OF COMMUNICATIONS BETWEEN OUR TWO GOVERNMENTS SHOULD LEAD TO UNNECESSARY FRICTION. GIVEN OUR NEED TO MEET STATUTORY DEADLINES IT HAS NOT ALWAYS BEEN POSSIBLE TO SEEK CLARIFICATIONS THROUGH MORE CONVENTIONAL CHANNELS. I HOPE I CAN CONTINUE TO GET IN TOUCH WITH YOU AS THE NEED ARISES.

AS IN THE PAST, I AND MY STAFF REMAIN READY TO CONSULT
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WHENEVER IT MAY BE NECESSARY.

WITH WARM PERSONAL REGARDS,

SINCERELY YOURS,

(SIGNED BILL)

WILLIAM E. SIMON END TEXT.

2. AS LETTER INDICATED FINAL AFFIRMATIVE COUNTER-
VAILING DUTY DETERMINATION IN THE LEATHER HANDBAG
INVESTIGATION HAS BEEN MADE AND WILL BE ANNOUNCED DURING
PRESS CONFERENCE CONCERNING SEVERAL COUNTERVAILING DUTY
DETERMINATIONS ON JANUARY 5. SINGLE CVD RATE HAS BEEN
ESTABLISHED AT 14 PERCENT. (DORNELLES HAD REQUESTED A
SINGLE RATE DURING CONSULTATIONS WITH TREASURY IN OCTOBER.)
THOSE FIRMS, HOWEVER, WHICH FEEL THEY RECEIVE LESS THAN

14 PERCENT IN INCENTIVES CAN, WITHIN THIRTY DAYS FROM
PUBLICATION OF THE CVD DETERMINATION, REQUEST THE U.S.
CUSTOMS SERVICE TO SUSPEND LIQUIDATION ON THEIR ENTRIES
INTO THE U.S. AT THE END OF 1976, COUNTERVAILING DUTIES
WOULD BE ASSESSED FOR THESE FIRMS ON THE AMOUNT OF INCEN-
TIVES ACTUALLY RECEIVED. ENTRIES FOR FIRMS WHICH DO NOT
REQUEST SUSPENSION OF LIQUIDATION AUTOMATICALLY WILL BE
ASSESSED AT THE FOURTEEN PERCENT RATE.

3. EMBASSY OF BRAZIL WILL BE NOTIFIED DECEMBER 31.

4. EMBASSY IS REQUESTED TO DELIVER LETTER PERSONALLY
AT LEVEL EMBASSY CONSIDERS APPROPRIATE. ROBINSON

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